

READJUSTMENT AND CONSOLIDATION

Vienna still had an important economic contribution to make to the country and to the world. Its unique geographic position at Europe's crossroads again attracted a large and growing volume of transit trade which helped to keep the commercial life of the city at a high level. Again, the long-standing knowledge which the Viennese financial institutions had acquired of the Balkan markets gave rise to economic activities and payments from foreign countries which helped to improve the balance of payments. Of still greater importance was the increased activity in the consumer goods and export industries to which Vienna, the main centre of the lighter industries, was particularly well suited. The introduction of a biennial fair made Vienna the main centre of the country's export trade and an important factor in Central and east European trade.

Last, but not least, the economic activities of the Viennese City Council helped considerably to re-establish and stimulate the economic life of the capital. A skilful financial policy had enabled the municipality to avoid a deficit even during the difficult post-war and inflationary years. Now that the position had become easier they embarked on a progressive programme of expenditure on social welfare, educational reform, and—most important from the economic point of view—on an extensive building programme. Building activity had practically come to a standstill during and after the war and the housing shortage was acute. Private building was discouraged by a strict Rent Restriction Act which protected the population from the wild profiteering in rents that would have otherwise occurred. In 1923 the municipality, which had already built 7,259 dwellings between 1919 and 1923, announced that they would build 25,000 new dwellings during the next five years. This was the

AUSTRIA'S ECONOMIC DEVELOPMENT

- 331 beginning of a great housing programme which replaced
 362 slums by beautiful modern houses and attracted the atten-
 633 tion of experts from all over the world, and which revived
 the building trades and with it, a great number of related
 industries in Vienna and the rest of the country.

CONSOLIDATION

433 Once the currency was stabilized and more normal conditions established, the upward trend in industrial and agricultural production became more marked as well as more general. It now seemed as if the earlier economic problems of Austria would soon find their solution and that a sound basis for a new national economy would be formed. And this would have doubtless been true if the process of consolidation of that period had not come to an abrupt end in the world economic depression.

For progress was quite considerable. Industrial production increased quickly and at a rate which compares not unfavourably with development in other countries during the same period.

INDICES OF INDUSTRIAL PRODUCTION

(Average 1925-9 = 100)

	Austria	Germany	Czecho- slovakia	United Kingdom
1925	89	87	88	99
1926	89	87	86	76
1927	100	109	100	109
1928	110	108	111	104
1929	113	109	115	112

Two points should, however, be noted in this connection. Firstly, the increase in output was achieved not so much